

**MANDEVILLE PARCEL**  
**PROPOSED LEASE AGREEMENT**  
**STATE TRUST LAND**  
**BOZEMAN, MONTANA**  
**JULY 21, 2008**

Consideration for the issuance of a long term lease for 10 acres within the SW quarter of Section 36, Township 1S, Range 5E, Gallatin County Montana (Common Schools Trust). Further depicted on the attached map as lot 1.

The lease area consists of a currently undeveloped parcel located on the corner of Mandeville Lane and a proposed but as yet unbuilt street, Wheat Dr. within the City of Bozeman. SPACE BANK, LTD., whose address is 3202 East Foothill Boulevard, Pasadena, Calif. 91107, intends to construct and operate on the commercial lots proposed for lease.

The proposed use is primarily for mini-storage with some additional enclosed RV storage and light industrial incubator space. This incubator space is described as, "...units typically used by crafts/trades people such as wood workers, welders, landscapers, musical instrument repair people, and anyone else who has outgrown their garage but isn't ready for a 4,000+ square foot warehouse." The current zoning is M-1, described as light industrial, which will easily accommodate the proposed use.

Following approval of the lease, Spacebank will be responsible for making application to the City of Bozeman for site plan review and will be subject to design and construction standards for buildings within the City Entry Corridor.

The lease agreement includes the following key terms and conditions:

**Lease area:** 10.0 acres.

**Term:** 33 years with options to renew for two additional 33-year periods for a maximum term of 99 years.

**Rent:** At full operations 8.98% of the appraised value of the land as specified in the request for proposals. The annual rental is \$59,555.45, which increases by 1.5% annually. In year 34 the lease will be reappraised for a new value.

**Improvements:** Spacebank will be responsible for extension and construction of all improvements, with no cost obligations to DNRC. All improvements will revert to Lessor (DNRC) at termination.

**Utilities:** Utilities are located adjacent to the parcel. Lessee will install water and sewer lines to serve site plan.

**Taxes:** Lessee will pay taxes and special assessments assessed by the City of Bozeman.

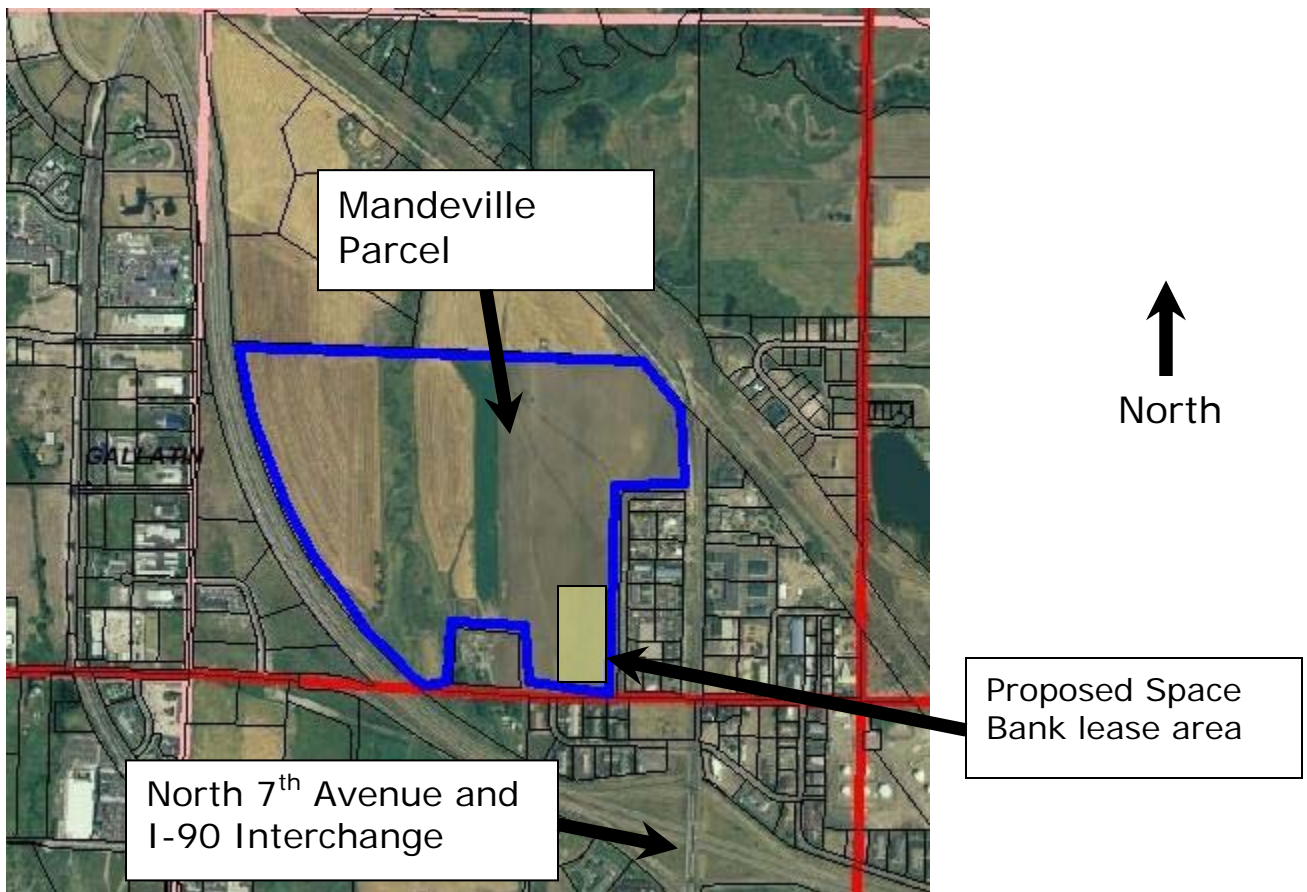
**Insurance:** Lessee is required to obtain and maintain liability, property and worker's compensation insurance.

**Financing:** The state trust land cannot be hypothecated. The lessee has the right to execute leasehold mortgages for the above ground improvements.

**Liens:** Lessee may not be recorded, filed, claimed or asserted against the Premises.

**Security Deposit:** Lessee agrees to pay the Lessor a Lease Reclamation fee of \$10,000.

The Director recommends the Board approve the issuance of a Lease Agreement to SPACE BANK, LTD.



Mandeville Parcel - Bozeman, Montana  
Lot 1  
Developer: Space Bank LTD, Pasadena, California.

